

PABLO EISENBERG

'Strategic Philanthropy' Shifts Too Much Power to Donors

THE DEBATE over whether "strategic philanthropy" is a good idea was ignited again recently when the William and Flora Hewlett Foundation—a key pioneer and proponent of the approach—invited William Schambra, head of the Hudson Institute's philanthropy center, to visit the fund and give an unvarnished view of whether it works.

Mr. Schambra, who is a *Chronicle* columnist, is not a fan. But the debate on nonprofit blogs and elsewhere that ensued after his remarks were published by *Nonprofit Quarterly* failed to grapple with the real issues raised by strategic philanthropy. It marks a fundamental shift in control and power by donors to call all the shots and exclude nonprofits with great new ideas.

Paul Brest, who last year retired as chief executive of Hewlett, defended the approach after Mr. Schambra's attack. He defines strategic philanthropy as "the setting of clear goals, developing sound evidence-based strategies for achieving them, measuring progress along the way to achieving them, and determining whether you were actually successful in reaching the goals."

Mr. Schambra argues that such approaches lead to expensive and exhaustive evaluations that are often meaningless.

Instead, he says, foundations should listen more to community groups and the constituencies they serve to figure out where money is most needed.

Mr. Brest, in his rebuttal to Mr. Schambra, acknowledged that community perspectives are an important ingredient of the philanthropic process but nevertheless seems impervious to the danger that a growing number of foundations and wealthy donors pose to the vitality of democratic institutions. His vision is based on the idea that the goals and priorities of nonprofits need to align with those of foundations, in essence saying that philanthropists should set the agenda for nonprofits.

Such arguments make it clear why we now face a dangerous shift of the balance of power in the nonprofit world.

Sixty percent of all American foundations today don't accept unsolicited proposals, according to Brad Smith, head of the Foundation Center. Those grant makers give away one-third of foundation donations, or about \$16-billion.

The dominance of such nonprofit policies limits the access of nonprofit groups to grant makers. That doesn't square with the fact that foundations and their donors receive enormous tax subsidies because they are supposed to serve the

public's interest. Instead, it is now the other way around: Foundations are saying, "A few of us know what's best for nonprofits, their constituencies, and the greater good."

While it is important for foundations to insist on more effective programs and better measurements, it is equally important for them, as Mr. Schambra notes, to recognize the exper-

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tise and common sense that is far more abundant at nonprofits than at many of the nation's foundations.

Almost all of America's social movements were started with ideas developed by grass-roots charities, not by foundation leaders. To their credit, grant makers large and small recognized the importance of the work of such groups and gave them the money they needed to grow. But today that money would be harder for grass-roots groups to find.

No one questions the fact that foundations should be able to give money to programs and priorities they care about. But

they should not look upon nonprofits merely as contractors or vendors hired to carry out foundation ideas and programs. And they need to be more, not less, open to ideas emanating from the outside world.

A particularly alarming example of philanthropic arrogance can be seen in foundation efforts to influence public policy on education.

For example, the Bill & Melinda Gates Foundation—along with the Lumina and Broad foundations—has had a huge influence on national education policy for the past five years or more. Slavishly devoted to the idea that better technology, greater student testing, improved measurements, and the spread of charter schools will improve education, the foundation does little to encourage policy makers to consider a broader range of ideas.

I witnessed this firsthand when a delegation of adjunct faculty members met with Gates foundation staff members to urge the grant maker to take action about a growing drag on the quality of college teaching caused by poor conditions for part-time teachers. Transforming the working conditions for academics might help the foundation better achieve its goal of graduating more students than its other efforts, the delegation argued. The growing reliance of

colleges on adjuncts means that faculty members spend less time with students—and that's a key factor in high dropout rates.

But the foundation didn't want to hear about such issues because it was focused on its own narrow priorities.

What's more, it has given so much money to key members of the education establishment that nobody wants to endanger future grants by speaking out about what's wrong with the Gates agenda. Its grants to the news media to spread its ideas further deter criticism, although a recent investigative piece by *The Chronicle of Higher Education* (whose parent organization has received two Gates contracts and runs this newspaper) did much to highlight growing concern in academe among scholars and leaders about the tunnel vision of the foundation.

Strategic philanthropy might be less worrisome if it were not practiced so often by very large foundations run by small, insular boards that do little to tell the public how they make decisions.

The Gates foundation has just three board members: Bill and Melinda and Warren Buffett, whose money created the mammoth philanthropy.

And although Warren Buffett's son, Peter, co-chair of the Novo Foundation, asked tough questions recently in a *New York Times* opinion article about the failure of philanthropy to deal with issues of inequality and poverty, he fails to mention that his board is also composed of three members, two of whom are himself and his wife, who is the foundation's paid leader.

No matter how smart or experienced the Gateses and Buffetts are, they are wrong to think they will get the best ideas from such small boards. The tax subsidies that the Gateses and Warren Buffett receive by making such big donations comes with a responsibility to serve the public—and that means giving them a way to influence how their philanthropies awards their grants.

It's time for everyone in philanthropy to stop debating the merits of strategic grant making and whether everyone needs to measure results with statistical precision. Instead, let's focus on what keeps philanthropy from solving serious problems: the unwillingness of foundations and big donors to realize they don't have all the answers. Nonprofits should have a greater role in driving the agenda.

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